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# NAA: A1838, 206/11/52

Series number: A1838

Control symbol: 206/11/52

Barcode: 584922

Number of pages: 11

Muscat and Oman - Relations with Union of Soviet Socialist Republics

FILE No. 206/11/52

COMMONWEALTH OF AUSTRALIA

# DEPARTMENT OF EXTERNAL AFFAIRS.

| SUBJECT. |
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| MUSCAT AND OMAN<br>RELATIONS WITH U.S.S.R. |

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| PREVIOUS FILE: | BASEMENT |
| NEXT FILE: | |

| RELATED PAPERS. | |
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| FILE No. | SUBJECT. |
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206/11/52

DEPARTMENT OF FOREIGN AFFAIRS

# INWARD CABLEGRAM

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C O N F I D E N T I A L

OMAN.

I TOLD OMAN AMBASSADOR LAST NIGHT (5 DECEMBER) OF YOUR ENQUIRY. HE HAD NOT HEARD OF REPORTS. HE THOUGHT THAT, IF TRUE, THEY IMPLIED U.S.S.R. WAS WITHDRAWING FROM DIRECT SUPPLY BECAUSE OF SAUDI ARABIA/PDR YEMEN NEGOTIATIONS, ARAB LEAGUE MEDIATION AND CONSEQUENTIAL YEMENI DESIRE TO REDUCE APPEARANCE OF SOVIET INVOLVEMENT. HE SUGGESTED DIRECT SUPPLY WAS PROBABLY BEING REPLACED BY SUPPLY THROUGH LIBYA. HE SAID SOVIET INVOLVEMENT IN YEMEN INCLUDING SIGNIFICANT PRESENCE AT MAKALLA AND AT LOCATION (PRECISE SITE NOT CLEAR) CLOSE TO AND EAST OF ADEN SHOWED NO SIGNS OF REDUCTION.

2. IN ANSWER TO ENQUIRY WHETHER CONJUNCTION OF CURRENT FAHID VISIT TO CAIRO (JD2620) AND ARRIVAL 4 DECEMBER OF FOREIGN MINISTER OF YEMEN MEANT THEY WOULD BE HAVING TALKS HERE, AMBASSADOR SAID YES AND THAT TALKS WERE INTENDED AS FOLLOW UP TO EARLIER MEETING IN ABU DHABI. HE SAID HE UNDERSTOOD FAHID'S VISIT WAS NOT ONLY FOR THIS BUT YEMEN HAD TAKEN ADVANTAGE OF IT FOR FURTHER MEETING. WE EARLIER ASKED SAUDI EMBASSY OFFICER WHETHER PURPOSE OF FAHID VISIT WAS TO DISCUSS RELATIONS WITH YEMEN AND RECEIVED NEGATIVE REPLY. CAIRO PRESS ON 4/12 REPORTED THAT FAHID MET ARAB LEAGUE SECRETARY GENERAL RIAD ON 3/12 TO DISCUSS DHOFAR PROBLEM.

3. THERE HAS INCIDENTALLY BEEN CONSIDERABLE SAUDI TRAFFIC THROUGH CAIRO IN LAST FEW DAYS. FOREIGN MINISTER WAS HERE FOR SHORT STOPOVER ON WAY TO ALGIERS AND KAMAL ADHAM HAS STAYED SOME DAYS AND HAD DISCUSSIONS WITH SADAT. ADHAM'S VISIT COINCIDED WITH VISIT TO CAIRO OF GENERAL NASSIRI, CHIEF OF IRANIAN INTELLIGENCE SERVICE, SAVAK. SADAT'S FOREIGN RELATIONS ADVISER, ASHRAF MARWAN, HAS BEEN INVOLVED WITH ALL THESE VISITORS AND THERE CAN BE LITTLE DOUBT THAT OMAN/YEMEN RELATIONS AND DHOFAR REBELLION HAVE BEEN UNDER DISCUSSION.

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DEPARTMENT OF FOREIGN AFFAIRS

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Middle East → Mr Cordell
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SOVIET POLICY IN THE PERSIAN GULF

1 There has been a substantial increase in Soviet activity and influence in the Gulf area during the last few years.

2 Iraq has been the main focus of Soviet involvement. The Soviet-Iraqi Treaty of April 1972 formalised cooperation in the political, economic and military fields. There have recently been a number of high-level political visits including one by the Iraqi President to the USSR in September 1972. Direct Party relations are being fostered between the CPSU and the Baath. Economic relations have become closer. The Russians are assisting in the development of the Iraqi oil industry and have agreed to take oil in payment of all Iraqi debts up to 1980. They gave strong political and propaganda support to Iraq's nationalisation of IPC assets in June 1972 and provided some assistance in the transportation and marketing of oil from the nationalised fields. Iraq's readiness to bind her economy more closely to the USSR and Eastern Europe was indicated by her reported application last year for observer status in CMEA. This application was followed up by talks in Moscow in May which probably discussed the establishment of relations between Iraq and the organisation. Soviet military aid has been expanded over the last two years. A large arms deal was concluded in September 1971 and there have been a number of Soviet naval visits to Iraqi ports. Admiral Gorshkov, the Soviet Naval Commander-in-Chief, visited Iraq in April this year. The wording of the Soviet-Iraqi Treaty could bear the interpretation that the Russians might be accorded some kind of military facilities in Iraq; but there has been no indication that the Iraqis are willing to make such facilities available for purely Soviet purposes. There are thought to be a small number of Soviet military personnel in Iraq.

3 While strengthening their position in Iraq the Russians have also been making considerable efforts to improve their diplomatic and economic relations with Iran. Iran's basic distrust of the Soviet Union was heightened by the Soviet-Indian and Soviet-Iraqi Treaties and by the break-up of Pakistan in December 1971. However the Shah's visit to the USSR in October 1972 and Kosygin's visit to Iran in March 1973 passed off in a cordial atmosphere. Iran has received sizeable credits from the Russians and project assistance for a major steel-works and a natural gas pipe-line from southern Iran to the Soviet Union; deliveries of gas are contracted to earn $1,000 million by 1984. Soviet-Iranian economic cooperation was formalised in the commercial treaty signed during the Shah's visit to Moscow in October 1972. The Soviet Union has also supplied quantities of unsophisticated equipment for the Iranian armed forces.

'Communist Policy & Tactics' May 1973

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4 Of the other Gulf states only Kuwait has diplomatic relations with the USSR (established in 1963). Substantial economic cooperation has developed but in view of Kuwait's wealth this does not give the Russians much leverage. Political relations, despite the large Soviet Embassy in Kuwait, are neither active nor warm, and are likely to be affected by the Soviet treaty with Iraq. Agreement was announced to establish diplomatic relations with the UAE in January 1972 but this decision has not been implemented. If the Russians were eventually to succeed in establishing an Embassy in Abu Dhabi, Bahrain and other Gulf States would be under pressure to follow suit. (The USSR recognised Qatar in September 1971 and Bahrain in August 1972.) The Russians have made, and while King Faisal lives probably will make, little effort to cultivate ties with Saudi Arabia. They are thought to provide a certain amount of assistance to PFLOAG and to train some PFLOAG members in the USSR.

5 The Soviet Government have also strengthened their position in areas adjacent to the Gulf, as follows:-

a A recent series of high-level visits has underlined the increasing Soviet interest in the PDRY. During the visit to Moscow in November 1972 of the PDRY's President an economic and technical cooperation agreement was signed; the communique committed the USSR to continue strengthening the PDRY's defence potential. The Prime Minister of the PDRY led his country's delegation to the USSR's 50th Anniversary celebrations in December 1972, and visited Moscow again in March 1973 when he was received by Brezhnev. The Russians have delivered considerable quantities of military aid to the PDRY in the last two years and have a number of military advisers in the country. They are showing an interest in port facilities in Aden. They evidently regard the PDRY as important strategically and as an arena of competition against Chinese influence.

b The Russians have acquired a strong position in Somalia in the Horn of Africa. They make constant use of the port of Berbera and are believed to be seeking permanent naval facilities in Somalia. They are also thought to maintain a communications base in the country. Marshal Grechko's visit in February 1972 led to the signature of an agreement on military cooperation and since then there has been an increase in the numbers of Soviet military advisers in Somalia, of deliveries of Soviet military supplies and of the rate of Soviet military construction. The Somali Defence Minister was received by Kosygin as well as Grechko on his return visit in July 1972. There is reported also to be a substantial number of Soviet political advisers working with the Somali Government.

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In practice it is difficult to see how the Russians can make use of their naval squadron in normal conditions beyond the general task of political competition with the West and with China. They could contemplate interference with Western trade routes only if they were prepared for a serious confrontation with the West. But the Soviet presence limits Western options and enlarges their own. It might for example inhibit any Western military move in the event of a serious dispute with the Gulf oil producers.

CONCLUSION

10 In sum the Russians probably regard the Persian Gulf as an area which offers them good opportunities for strengthening their position and reducing or eliminating Western influence. It is geographically more convenient and strategically more important than almost any other part of the Third World from the Soviet point of view. But their policies in the area are likely to be cautious and gradualist. They are aware of the political opportunities which Western dependence on Middle East oil may provide, but also of the sensitivity of this issue in their relations with the West. The importance which the Soviet leaders currently attach to their policy of détente and especially to a stable relationship and economic cooperation with the United States is likely to inhibit them from seeking any dramatic advance in the Gulf. Their objectives there as elsewhere will continue to include the strengthening of Soviet influence at the expense of Western interests; the continued exclusion of any significant Chinese influence; the establishment of military alliances which might lead to the acquisition of defence facilities; and the promotion of trade and economic links (particularly in the oil industry). They will welcome the spread of left-wing subversion in the area, but their help to subversive movements will continue to be discreet and generally indirect (eg via Iraq or the PDRY); they will try to maintain an unprovocative image and to avoid unduly antagonising the West or alienating Iran. But they will probably not be deterred from exploiting any future situation in which they see advantage.

c There has been a steady build-up of Soviet naval activity in the Indian Ocean and the Russians now maintain a small squadron there permanently.

FUTURE PROSPECTS

6 Iraq represents both the main Soviet foothold in the Persian Gulf area and the most promising vehicle for Soviet influence. Soviet and Iraqi aims in the Gulf broadly coincide, in that both would welcome a reduction of Western influence and the establishment of revolutionary regimes. But there are a number of constraints on Soviet influence in Iraq. Although the present Baath regime seems well entrenched the Russians must be keenly aware of the history of political instability in Iraq and the accompanying vicissitudes of Soviet-Iraqi relations. The Russians are probably worried by the Baath's failure to create a national front and the possibility of future conflicts between the Baath and the Iraq Communist Party and the Kurds. They may also have reservations about the radical direction which the Iraqi regime has taken in foreign policy, in part perhaps because of the boost to its confidence from the new relationship with the Soviet Union. The Soviet attitude for example to the Iraqi arms smuggling in Pakistan and the frontier clash with Kuwait has been cautious and ambivalent. Apart from the fact that the Russians may be reluctant to become too heavily involved with a potentially unstable regime with inclinations towards adventurousness in foreign policy they must also consider the attitudes of the other Gulf States who view Soviet support of Iraq with suspicion. For their part the Iraqis, despite their present economic and especially military dependence on the Soviet Union, may tend to take an increasingly independent line as their oil revenues increase. The recent settlement with IPC in March 1973 has given them increased room for manoeuvre between the Soviet Union and the West. A visit to Moscow, apparently arranged at short notice, by an Iraqi delegation led by the Vice-Chairman of the Revolutionary Command Council Saddam Hussein followed shortly after the settlement and not long after the announcement of a $2 billion arms deal between Iran and the US. There was a possible sign of incipient Soviet disenchantment with their Iraqi allies in the somewhat low-key celebration of the 1st anniversary of the Treaty in April this year.

7 A further important constraint on Soviet relations with Iraq, and on their ambitions in the Gulf generally, is the need to maintain and develop good relations with Iran. Iran is of considerable political and strategic importance to the Russians as a large State on its southern border, of growing economic strength and militarily powerful in relation to the other states of the region. They will see it as necessary to maintain a certain degree of influence in Iran and will continue their efforts to detach Iran from her Western links. The Russians have taken

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great pains to try to reassure the Shah following the Soviet Treaty with Iraq. Kosygin's presence in Iran in March, at the opening of the Soviet built steel mill, contrasted with the absence of any high-level Soviet political visitor in Iraq for the Treaty Anniversary the following month. Kosygin's visit may also have been partly a reflection of Soviet concern at the recent large Iranian arms purchases from the United States.

OIL

8 The Russians would undoubtedly like to obtain a position in which they could exercise a dominant influence over Gulf oil producers and so control supplies to the West. Soviet press commentaries are showing a growing interest in the political implications of the world energy crisis and the possibilities of exploiting the oil "lever" against the West. At the same time there are practical difficulties in the way which seem to limit Soviet opportunities. The Russians cannot replace the West as customers since the oil producers need hard currency and the Soviet Union cannot absorb more than limited quantities of Arab oil. Nor are the Russians in a position to take over the oil companies' role in marketing and distributing the oil. They will however probably continue their current policy of increasing their assistance and influence in the national oil industries and encouraging the oil producers to adopt an intransigent line towards the West, with a view to creating situations of opportunity in time, if not in the immediate future.

INDIAN OCEAN

9 The Soviet naval presence in the Indian Ocean is no doubt partly related to their policy in the Gulf but there are probably several other motives involved. Even a small number of Soviet ships in the Indian Ocean can serve:-

a as a strategic counter to the possible deployment of Polaris submarines;

b as an adjunct of Soviet diplomacy through flag-showing in order to demonstrate Soviet power and support for Arab countries and assist in the cultivation of individual countries eg Iraq and India;

c as a counter to Chinese influence;

d as a potential threat in certain circumstances to oil traffic to the West.

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DEPARTMENT OF EXTERNAL AFFAIRS

# INWARD CABLEGRAM

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SENT. 12TH SEPTEMBER, 1963
1603

FROM.

REC'D. 13TH SEPTEMBER, 1963
1625

AUSTRALIAN MISSION TO UNITED NATIONS,
NEW YORK.

UN 1145. UNCLASSIFIED.

REPEATED WASHINGTON, OTTAWA SAV.588, LONDON (FOR EXTERNAL) TELEGRAM NO. 149, CAIRO SAV.37.

OMAN.

IN A LETTER DATED 9TH SEPTEMBER BUT CIRCULATED TODAY 13TH ARAB COUNTRIES REQUEST THAT "THE QUESTION OF OMAN" BE PLACED ON THE GENERAL ASSEMBLY'S AGENDA.
AN EXPLANATORY MEMORANDUM IS TO FOLLOW.

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A/MIN.&DEPT E.A.
P.M.'s

13TH SEPTEMBER, 1963

copy on 206/4/1

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